

# T2/T2S CONSOLIDATION

## GLOSSARY

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Term	Definition	Acronym	Source <sup>1</sup>
<b>2-eyes principle</b>	See Two-eyes principle.		New
<b>4CB</b>	The Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d'Italia, collectively, in their capacity as the Central Banks responsible for building, maintaining and running the single shared platform, in accordance with the relevant contractual arrangements and with decisions of the ECB's Governing Council.		T2S
<b>4CB network</b>	The 4CB network is the common internal technical network used by the providers of the Market Infrastructure Services.		New
<b>4-eyes principle</b>	See Four-eyes principle.		T2S
<b>A2A</b>	See Application-to-Application.		T2S
<b>Account Monitoring Group</b>	An optional clustering of accounts for liquidity monitoring purposes.		New
<b>ACH</b>	See Automated Clearing House.		PCSS
<b>Actor</b>	Any entity interacting with the RTGS system.		New
<b>Act on behalf</b>	Corresponds to the situation when a participant has been granted the authority to perform actions on behalf of one or more other account holders.		T2

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<sup>1</sup> In general definitions are taken from the sources provided in this column. Where small variations to the original text have been made, the source is marked with “\*”.

Term	Definition	Acronym	Source <sup>1</sup>
<b>Adjustment balance</b>	End of day balance of the last business day which is necessary to fulfil minimum reserve under the condition that all following end of day balances are exactly the minimum reserve.		T2
<b>Algorithm</b>	An algorithm is a mathematical method to provide a smooth, fast and liquidity saving resolution of the payment queue, for example by taking offsetting payment flows into account.		T2
<b>Ancillary System</b>	<p>A system in which payments or securities are exchanged and/or cleared, while the ensuing monetary obligations are settled in another system, typically an RTGS system.</p> <p>Ancillary Systems are e.g.:</p> <ul style="list-style-type: none"> <li>–retail payment systems (RS)</li> <li>–large value payment systems (LVPS)</li> <li>–foreign exchange (FX) systems</li> <li>–money market systems</li> <li>–clearing houses</li> <li>–securities settlement systems (SSS)</li> </ul>	AS	T2
<b>Application-to-Application</b>	A connectivity mode that enables the exchange of information between the application of the service provider and the software application(s) of the actors.	A2A	T2S
<b>AS</b>	See Ancillary System.		T2
<b>Associated Liquidity Transfer Account</b>	Describes the one-to-one relationship between an MCA and a DCA established for the liquidity drawing mechanism.		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>Authentication</b>	The methods used to verify the origin of a message or to verify the identity of a participant connected to a system and to confirm that a message has not been modified or replaced in transit.		T2
<b>Automated Clearing House</b>	An electronic clearing system in which payment orders are exchanged among participants (primarily via electronic media) and handled by a data-processing centre.	ACH	PCSS
<b>Availability</b>	The ability of a configuration item or an IT service to perform its agreed function when required.		T2S
<b>Available Liquidity</b>	Credit balance on the account plus collateralised credit line for overdraft (if available).		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Backup payments</b>	<p>In the event of a technical system outage a direct participant (affected participant) may lose its ability to send payments to and receive payments from the RTGS.</p> <p>Such a breakdown may result in:</p> <ol style="list-style-type: none"> <li>1. Pay-in obligations in other systems (e.g. CLS) not being met;</li> <li>2. Liquidity being built up in the affected participant's RTGS account, if other RTGS participants had already submitted or continue to submit payments in favour of the affected participant.</li> </ol> <p>In order to give the affected participant the possibility to reduce the business impact of the technical failure, functionality is offered to generate payments via U2A, the so-called backup payments functionality. The usage is optional and the functionality is blocked by default. It can only be used once the National Service Desk on request of the affected participant has authorised this.</p> <p>Two categories of backup payments exist:</p> <ol style="list-style-type: none"> <li>1. The backup contingency payments to predefined systems (CLS and EURO1)</li> <li>2. The more flexible backup liquidity redistribution payments to other direct TARGET2 participants</li> </ol> <p>Additionally, in case of contingency, the responsible CB can connect and submit payments on behalf of the participant.</p>		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Back Value Payment</b>	A Payment that has been instructed with a Value Date in the past. This can only be done when the Value Date check is switched off. Only Central Banks have the ability to switch off the Value Date check for subsequent messages and this then applies to all system users.		New
<b>BAH</b>	See Business Application Header.		T2S
<b>Banking Group</b>	An entity allowing a number of Parties acting as participants to be viewed collectively for certain business purposes, such as oversight and regulation.		New
<b>BCM</b>	See Business Continuity Management.		CCMB2
<b>Beneficiary</b>	A recipient of funds (payee) or securities. Depending on the context, a beneficiary can be a direct participant in a payment system and/or a final recipient.		T2S
<b>BIC</b>	See Business Identifier Code.		T2S
<b>BIC directory</b>	Directory published by SWIFT, part of SWIFTRef. It contains the business identifier codes (BIC) that SWIFT has registered according to the ISO 9362 standard, and the names and addresses of the corresponding entities.		T2
<b>BIC11</b>	In addition to the first 8 characters of the BIC, an optional branch code of 3 characters is used to identify any branch or reference of an institution.		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Broadcast</b>	Information message simultaneously available to all or a selected group of SSP participants.		T2
<b>Bug</b>	See Defect.		T2S
<b>Bug fix</b>	A change in the software that remedies one or more defects.		T2S
<b>Bug fix release</b>	The release of a new software version that remedies one or more known defects.		T2S
<b>Business Application Header</b>	The message envelope for business application data that determines which business application the data are routed to and identifies the type of content.	BAH	T2S
<b>Business continuity</b>	A state of uninterrupted business operations. This term also refers to all of the organisational, technical and staffing measures employed in order to 1) ensure the continuation of core business activities, e.g. critical business functions, in the immediate aftermath of a crisis; and 2) gradually ensure the continued operation of all business activities in the event of sustained and severe disruption.		T2S
<b>Business Continuity Management</b>	Activity performed by an organization to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that must have access to those functions.	BCM	CCBM2
<b>Business continuity testing</b>	Tests with the objective of verifying the efficiency of business continuity procedures.		T2S

Term	Definition	Acronym	Source <sup>1</sup>
<b>Business day</b>	The business day comprises and defines the opening times and specific phases per Service.		T2*
<b>Business Identifier Code</b>	Identification of financial or non-financial institutions within the financial services industry according to the International Organization for Standardization (ISO) Standard 9362.	BIC	T2S
<b>Business Monitoring</b>	Requirements for the processes necessary for CBs to monitor their activity, including monitoring of minimum reserves.		New
<b>Bypass FIFO</b>	See FIFO by-passing.		New
<b>CB</b>	See Central Bank.		T2
<b>CBO</b>	See Central Bank Operations.		New
<b>CBS</b>	See Central Bank Services.		New
<b>CCP</b>	See Central Counterparty.		T2
<b>Ceiling</b>	An upper threshold of an account balance defined by the participant for initiating a service-specific action.		New



Term	Definition	Acronym	Source <sup>1</sup>
<b>Central Bank</b>	<p>Central Banks refers to:</p> <ul style="list-style-type: none"> <li>- “Eurosystem CB” being the ECB or the Central Bank of an EU Member State that has adopted the euro, or</li> <li>- “connected CB” being a Central Bank, other than a Eurosystem CB, which is connected to the RTGS.</li> </ul> <p>“Eurosystem CB” means the ECB or the CB of a Member State that has adopted the euro, pursuant to a specific agreement.</p>	CB	T2
<b>Central Bank (CB) Account</b>	A cash account in each settlement Service, hold by a Central Bank of issue and that is allowed to have negative balance and cannot be restricted or limited in its use.		New
<b>Central Bank Operations</b>	Operations carried out by Central Banks in their capacity as Central Bank of issue with their Parties, e.g. monetary policy operations, changes of the credit line, Standing Facilities, etc.	CBO	New
<b>Central Bank Services</b>	Business Service managing Central Bank Operations and participants meeting monetary policy requirements.	CBS	New
<b>Central Counterparty</b>	An entity that interposes itself between the counterparties to the contracts traded in one or more financial markets, becoming buyer to every seller and the seller to every buyer.	CCP	PCSS
<b>Central European Time</b>	It's a standard time which is 1 hour ahead of Coordinated Universal Time (UTC).	CET	T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Central Liquidity Management</b>	Business Service managing and showing funds and credit lines for direct participants as well as cash withdrawals and Central Bank operations.	CLM	New
<b>Central Securities Depository</b>	An entity, which holds and administrates securities and enables securities transactions to be processed by book entry. Securities can be held in a physical but immobilised or dematerialised form (ie so that they exist only as electronic records). In addition to safekeeping and administration of securities, a Central Securities Depository may incorporate clearing and settlement and assets servicing functions.	CSD	T2
<b>CET</b>	See Central European Time.		T2
<b>Clearing</b>	The process of transmitting, reconciling and, in some cases, confirming payment or securities transfer orders prior to settlement, possibly including the netting of orders and the establishment of final positions for settlement.		PCSS
<b>Clearing house</b>	A central entity (or central processing mechanism) through which financial institutions agree to exchange transfer instructions for funds or securities. In some cases, the clearing house may act as a Central Counterparty for the participants and therefore assume significant financial risks.		PCSS

Term	Definition	Acronym	Source <sup>1</sup>
<b>Clearing system</b>	A set of rules and procedures whereby financial institutions present and exchange data and/or documents relating to funds or securities transfers to other financial institutions at a single location (e.g. clearing house). The procedures often also include a mechanism for calculating participants' mutual positions, possibly on a net basis, with a view to facilitating the settlement of their obligations in the settlement system.		PCSS
<b>CLM</b>	See Central Liquidity Management.		New
<b>Closed User Group</b>	A subset of parties grouped by the network service provider for their technical access to the relevant services in the Market Infrastructure Services.	CUG	T2*
<b>Closing day</b>	Any day which is not a TARGET opening day.		T2S*
<b>CLS</b>	See Continuous Linked Settlement.		T2
<b>Collateral</b>	An asset or third-party commitment that is used by the collateral provider to secure an obligation vis-à-vis the collateral taker.		PCSS
<b>Collateral manager</b>	A system managed by the Central Bank or by a third party (on behalf of the Central Bank) that interacts with the CLM in order to manage the intraday credit line on the MCA and the access to the standing facilities.		T2*
<b>Collateral pool</b>	A collateralisation technique that enables institutions to deposit their available collateral in one account in order to obtain credit from a counterparty.		PCSS

Term	Definition	Acronym	Source <sup>1</sup>
<b>Common Reference Data Management</b>	Business service managing centrally the reference data for all services connected to the single shared platform.	CRDM	New
<b>Connected payment</b>	Payments by a Central Bank or an Ancillary System to a participant that trigger a change in the credit line of this participant and an immediate debit/credit of its account to compensate the change in this credit line.		T2
<b>Contingency services</b>	Common mandatory tool for the management of the emergency situations.		New
<b>Continuous Linked Settlement</b>	Payment-versus-payment (PvP) mechanism offered by CLS Bank, meaning that a foreign exchange operation is settled only if both counterparties simultaneously have an adequate position in the currency they are selling.	CLS	
<b>Coordinated Universal Time</b>	The primary time standard by which the world regulates clocks and time.	UTC	T2
<b>COT</b>	See Cut-off time.		PCSS
<b>CRDM</b>	See Common Reference Data Management.		New
<b>Credit line</b>	A commitment to grant intra-day credit on demand based on collateral provided to a Central Bank.		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>Credit risk</b>	The risk that a counterparty will not settle an obligation for full value, either when due or at any time thereafter. Credit risk includes replacement cost risk and principal risk. It also includes the risk of the failure of the settlement bank.		PCSS
<b>Credit transfer</b>	A payment order or, sometimes, a sequence of payment orders made for the purpose of placing funds at the disposal of the beneficiary. Both the payment instructions and the funds described therein move from the bank of the payer/originator to the bank of the beneficiary, possibly via several other banks as intermediaries and/or more than one credit transfer system.		T2
<b>Cross AS settlement</b>	Procedure enabling an Ancillary System using AS procedures to move liquidity from one AS to another AS.		T2*
<b>Cryptography</b>	The application of mathematical theory to develop techniques and algorithms that can be applied to data to ensure goals such as confidentiality, data integrity and/or authentication.		T2
<b>CSD</b>	See Central Securities Depository.		T2
<b>CUG</b>	See Closed User Group.		T2
<b>Customer</b>	Entity which is not a participant (direct or indirect) and which uses the service of a participant to exchange transactions in the system.		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Cut-off time</b>	The deadline defined by a system (or an agent bank) to accept transfer orders for a defined settlement cycle.	COT	PCSS
<b>Data Warehouse</b>	Logical data pool optimised for data mining, e.g. historical transaction data.	DWH	New
<b>DCA</b>	See Dedicated Cash Account.		New
<b>Dedicated Cash Account</b>	An account dedicated for a single market infrastructure service, e.g. TIPS, T2S, RTGS.	DCA	New
<b>Defect</b>	An error or fault in, or the failure of, a software application, producing an incorrect or unexpected result.		T2S
<b>Denial of service attack</b>	An action to make computing and/or network resources unavailable in order to deprive the users of services they normally expect to have at their disposal.		T2S
<b>Deposit facility</b>	A standing facility of the Eurosystem which counterparties may use to make overnight deposits at a Central Bank, which are remunerated at a pre-specified interest rate.		T2
<b>Direct debit</b>	A payment instrument, authorising a debit on the payer's bank account, which is initiated by the payee on the basis of an authorisation given by the payer.		PCSS

Term	Definition	Acronym	Source <sup>1</sup>
<b>Direct participant</b>	A participant in a system that directly carries out transactions with other participants in the system. He can perform all activities allowed in the system without intermediary. In some systems direct participants also carry out transactions on behalf of indirect participants.		T2
<b>Disaster</b>	A major disruption of business operations.		T2S
<b>Disaster Recovery</b>	A process carried out to recover/restore an IT service to working order after a disaster causing a service interruption.	DR	T2S
<b>Distinguished Name</b>	A name that uniquely identifies an entry in a directory or network. Usually it is a sequence of attribute-value assertions (e.g. "cn=smith") separated by commas, e.g. <cn=smith,ou=ops,o=bnkacctt,o=nsp-1>.	DN	T2S*
<b>DN</b>	See Distinguished Name.		T2S
<b>DNS</b>	See Domain Name System.		T2S
<b>Domain Name System</b>	A hierarchical distributed naming system for computers, services, or any resource connected to the internet or a private network.	DNS	T2S
<b>DR</b>	See Disaster Recovery.		T2S
<b>DWH</b>	See Data Warehouse.		New
<b>ECB</b>	European Central Bank.		T2S
<b>ECMS</b>	See Eurosystem Collateral Management System.		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>EEA</b>	See European Economic Area.		T2S
<b>Encryption</b>	The use of cryptographic algorithms to encode clear text data (plaintext) into cipher text to prevent unauthorised observation.		T2
<b>Entry Disposition</b>	A broad set of liquidity management features achieving a flexible and need-based control of the payment flows, thereby limiting possible liquidity risks.		T2
<b>EOD</b>	End of Day.		T2S
<b>ESCB</b>	European System of Central Banks.		T2S
<b>ESMIG</b>	See Eurosystem Single Market Infrastructure Gateway.		New
<b>EU</b>	European Union.		T2S
<b>Eurosystem Collateral Management System</b>	Shared system for the mobilisation and management of collateral used in Eurosystem credit operations.	ECMS	ECB
<b>Eurosystem Single Market Infrastructure Gateway</b>	The common entry point for all interaction with the Eurosystem Market Infrastructures (RTGS, T2S, TIPS and potential future services). Based on common technical specifications, ESMIG will be network agnostic, i.e. it will not rely on network specific features. It will allow participants to connect through one or multiple service providers for both A2A and U2A interfaces, offering cost-effective and secure access to the various services.	ESMIG	New



Term	Definition	Acronym	Source <sup>1</sup>
<b>Excess of reserve</b>	Average reserve holdings in excess of the minimum reserve requirements and other deposits held with the Eurosystem.		ECB
<b>Extensible Mark-up Language</b>	An open standard developed and maintained by World Wide Web Consortium (W3C), for describing and structuring data for the transmission and exchange of information between computer applications and organisations / humans.	XML	T2S
<b>FIFO</b>	First In First Out.		T2
<b>FIFO by-passing</b>	The system tries to process the first transfer in the queue, but if that cannot be executed owing to lack of funds it then tries to settle the next transfer instead; also called Bypass FIFO.		T2
<b>Final (finality)</b>	Irrevocable, unconditional, or not annulable.		T2
<b>Final settlement</b>	Settlement which is irrevocable, unconditional, or not annulable.		T2
<b>Financial Market Infrastructure</b>	An FMI is defined as a multilateral system among participating institutions, including the operator of the system, used for the purposes of clearing, settling, or recording payments, securities, derivatives, or other financial transactions.	FMI	BIS

Term	Definition	Acronym	Source <sup>1</sup>
<b>Firewall</b>	A hardware- and/or software-based system that is used as an interface between the internet and a computer system to monitor and filter incoming and outgoing communication, with the ability to block unauthorized access and allow authorized communication.		T2
<b>Floor</b>	A lower threshold of an account balance defined by the participant for initiating a service-specific action.		New
<b>FMI</b>	See Financial Market Infrastructure.		New
<b>Four-eyes principle</b>	The requirement that a business transaction be approved by at least two individuals.		T2S
<b>FTP</b>	File transfer protocol.		T2S
<b>General ledger</b>	The general ledger sometimes known as nominal ledger, is the main accounting record of a business which uses double-entry bookkeeping.		T2
<b>Graphical User Interface</b>	The interface that allows a user to interact with a software application through the use of graphical elements (e.g. windows, menus, buttons and icons) on a computer screen, using the keyboard and mouse.	GUI	T2S
<b>Gridlock</b>	A situation that can arise in a funds or securities transfer system in which the failure of some transfer orders to be executed (because the necessary funds or securities are unavailable) prevents a substantial number of other orders from other participants from being executed.		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Gross settlement system</b>	A transfer system in which the settlement of funds or securities occurs individually (on an instruction-by-instruction basis).		T2
<b>Guarantee fund mechanism</b>	Mechanism to provide the complementary liquidity needed according to pre-defined rules in case an AS cannot settle using the settlement banks liquidity only.		T2
<b>Guarantee funds account</b>	Account used in case the optional guarantee mechanism has to be activated by an AS or a CB on its behalf.		T2
<b>Guarantor</b>	Owner of the guarantee funds account.		T2
<b>GUI</b>	See Graphical User Interface.		T2S
<b>Home CB</b>	Central bank where the direct participant is located.		T2
<b>Host CB</b>	Central bank via which a direct participant uses the possibility of remote access.		T2
<b>Hot-fix release</b>	A software release that needs to be performed before the next regular release, as otherwise the defect concerned could lead to substantial operational problems, require heavy workarounds and/or lead to any other clear increase in the operational risk level.		T2S
<b>HU/U</b>	Highly Urgent/Urgent.		T2
<b>HVP</b>	High Value Payment.		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>Incident</b>	An event which is not part of the standard operation of the service and which causes, or may cause, an interruption or a reduction of the quality of that service.		T2S
<b>Indirect participant</b>	A participant in a funds or securities transfer system with tiering arrangement using a direct participant as intermediary to perform some of the activities allowed in the system.		PCSS
<b>Information &amp; Reporting Service</b>	<p>A centralised facility provided within the Eurosystem Market Infrastructures Services for the production of regular operational reports and the provision of query facilities.</p> <p>This does not extend to business and operational reporting, nor to statistical and regulatory reporting (which are provided via the Data Warehouse).</p>	IR	New
<b>Information Technology Infrastructure Library</b>	The set of best practices for managing IT infrastructure, development and operations, maintained under the auspices of the Office of Government Commerce, an office of the UK Treasury.	ITIL	T2S
<b>Integrity</b>	The quality of being protected against accidental or fraudulent alteration of transmission and of storage, or the quality of indicating whether or not alteration has occurred.		T2
<b>Interbank payment</b>	A payment where both the originator and the final beneficiary are financial institutions.		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Intraday credit</b>	Credit extended and reimbursed within a period of less than one business day; in a credit transfer system with end-of-day final settlement, intraday credit is tacitly extended by a receiving institution if it accepts and acts on a payment order even though it will not receive final funds until the end of the business day. It can take the form of: –a collateralised overdraft or –a lending operation against a pledge or in a repurchase agreement		T2
<b>Intraday liquidity</b>	Funds which can be accessed during the business day, usually to enable financial institutions to make payments on an intraday basis.		T2
<b>IR</b>	See Information & Reporting Service.		New
<b>Irrevocable and unconditional transfer</b>	A transfer that cannot be revoked by the transferor and is unconditional (and therefore final).		T2
<b>ISO</b>	International Organization for Standardization.		T2S
<b>ISO 20022</b>	The international standard for financial services messaging, maintained by the International Organization for Standardization (ISO).		T2S

Term	Definition	Acronym	Source <sup>1</sup>
<b>IT Service Continuity Management</b>	The process responsible for managing risks that could seriously affect IT services. IT service continuity management ensures that the IT service provider can always provide minimum agreed service levels, by reducing the risk to an acceptable level and planning for the recovery of IT services. IT service continuity management supports business continuity management.	ITSCM	ITIL
<b>ITIL</b>	See Information Technology Infrastructure Library.		T2S
<b>ITSCM</b>	See IT Service Continuity Management.		ITIL
<b>Legal Entity Identifier</b>	The technical specification for LEI is ISO 17442. ISO 17442:2012 specifies the elements of an unambiguous legal entity identifier (LEI) scheme to identify the legal entities relevant to any financial transaction.	LEI	ISO
<b>LEI</b>	See Legal Entity Identifier.		ISO
<b>Limit</b>	<p>The maximum amount for normal payments that a direct participant is willing to pay to another specific participant/account per day (bilateral limit), or to all other participants/accounts (excluding those with whom a bilateral limit is defined) per day (multilateral limit).</p> <p>Limits are net values within the day. Payments out can exceed the limit where payments (that are credits) have also been received first.</p> <p>For a direct participant it is possible to establish standing orders for bilateral or multilateral limits.</p>		T2*

Term	Definition	Acronym	Source <sup>1</sup>
<b>Liquidity Transfer Group</b>	Liquidity Transfer Group refers to an optional grouping of cash accounts defined by a Central Bank for the purpose of arranging Liquidity Transfers between them.		New
<b>Liquidity Transfer Order</b>	Liquidity Transfer Order is a payment order, the main purpose of which is to transfer liquidity between different accounts of the same participant.	LTO	T2
<b>LTO</b>	See Liquidity Transfer Order.		T2
<b>Main Cash Account</b>	Account kept in CLM for provision of credit lines, Central Bank Operations, Cash Withdrawals and Liquidity Management incl. management of cash balance.	MCA	New
<b>Mandated payment</b>	Payment initiated by an entity that is not party to the transaction (typically by a CB or an AS in connection with Ancillary System settlement) on behalf of another entity. A CB sends a credit transfer (with specific message structure) on behalf of the failed direct participant (only in case of contingency situations).		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Marginal lending facility</b>	<p>A standing facility of the Eurosystem which counterparties may use to receive overnight credit from a CB at a pre-specified interest rate against eligible assets.</p> <p>In general possible options:</p> <ul style="list-style-type: none"> <li>–Marginal lending on request</li> </ul> <p>Use on request of the participant in general needed for the fulfilment of reserve requirement.</p> <ul style="list-style-type: none"> <li>–Automatic marginal lending</li> </ul> <p>Automatic transformation of intraday credit in overnight credit at the end of the day.</p>		T2
<b>Market Infrastructure Services</b>	<p>Market Infrastructure Services is the global term comprising:</p> <p>ESMIG, CLM, RTGS Settlement, T2S, TIPS, CRDM, Information and Reporting, Data Warehouse, Legal Archiving, Contingency Services, Billing.</p>	MIS	New
<b>MCA</b>	See Main Cash Account.		New
<b>MFI</b>	See Monetary Financial Institution.		T2
<b>MIS</b>	See Market Infrastructure Services.		New
<b>Monetary Financial Institution</b>	<p>A Monetary Financial Institution (MFI) comprise resident credit institutions as defined in Common law, and other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs, and for their own account (at least in economic terms), to grant credits and/or make investment in securities.</p>	MFI	T2



Term	Definition	Acronym	Source <sup>1</sup>
<b>Multi-currency</b>	The capability to run a service in more than one currency. Conversion services are not covered.		New
<b>Netting</b>	An agreed offsetting of positions or obligations by participants in a clearing or settlement system. The netting reduces large number of individual positions or obligations to a smaller number of obligations or positions. Netting may take several forms which have varying degrees of legal enforceability in the event of default of one of the parties.		T2
<b>Network Service Provider</b>	A business entity, licensed by the Eurosystem, that provides the technical infrastructure, including hardware and software, to establish a secure and encrypted network connection permitting the exchange of information between actors.	NSP	T2S*
<b>NSP</b>	See Network Service Provider.		T2S
<b>Offsetting</b>	Offsetting in the RTGS aims at increasing the capacity of the system to settle payments, thereby reducing queues, speeding up the settlement process and reducing the need of intraday liquidity. A bilateral or multilateral offsetting mechanism considers payments in the queues of participants and tries to settle them simultaneously on a gross basis within one legal and logical second.		T2
<b>Opening day</b>	See TARGET opening day.		T2
<b>Operational monitoring</b>	Requirements for the processes necessary for 4CB to monitor the system activity.		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>Operational risk</b>	The risk of human error or a breakdown of some component of the hardware, software or communications system which is crucial to settlement.		T2
<b>Overnight credit</b>	See Marginal lending facility.		T2
<b>Overnight deposit</b>	See Deposit facility.		T2
<b>Oversight</b>	Oversight of payment and settlement systems is a typical Central Bank function whereby the objectives of safety and efficiency are promoted by monitoring existing and planned systems, assessing them against the applicable standards and principles, whenever possible, and, where necessary, inducing change.		PCSS
<b>Partial settlement</b>	The settlement of only part of a settlement instruction's original amount, when full settlement is not possible owing to lack of cash or securities.		T2S
<b>Participant</b>	An entity which is identified/recognised by the system, is bound by rules of the system and is allowed to send and capable to receive transfer orders, either directly (as a direct participant) or indirectly (as an indirect participant).		T2
<b>Party</b>	Any entity defined in the system. This includes: Central Banks, Payment Banks, Participants, Ancillary Systems and the TARGET Service Desk.		New
<b>Payee</b>	See Beneficiary.		PCSS

Term	Definition	Acronym	Source <sup>1</sup>
<b>Payer</b>	The party to a payment transaction which issues the payment order or agrees to the transfer of funds to a payee.		PCSS
<b>Payment</b>	A payment is a transfer of funds which discharges an obligation on the part of a payer vis-à-vis a payee.		ECB
<b>Payment order</b>	An order or message to initiate a payment (in the form of a monetary claim on a party) to the account of the beneficiary. The order may relate either to a credit transfer or to a direct debit.		T2
<b>Payment system</b>	A payment system consists of a set of instruments, banking procedures and, typically, interbank funds transfer systems which facilitate the circulation of money.		T2
<b>Payment versus Payment</b>	A mechanism in a foreign exchange settlement system which ensures that a final transfer of one currency occurs if, and only if, a final transfer of the other currency or currencies takes place (e.g. CLS).	PvP	T2
<b>PCSS</b>	Payment, Clearing and Settlement Systems.		PCSS
<b>PKI</b>	See Public Key Infrastructure.		T2
<b>Pledge</b>	A delivery of assets to secure the performance of an obligation owed by one party (debtor) to another (secured party). A pledge creates a security interest (lien) in the assets delivered, while leaving ownership with the debtor.		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Primary Party</b>	In the context of the access rights description, each user is associated with a primary Party determining the data scope of the user.		New
<b>Primary site</b>	The place where systems operators locate the infrastructure and/or staff necessary to run their normal daily business operations.		PCSS
<b>Priority</b>	In general, payments are settled immediately, if sufficient liquidity is available on the RTGS account of the participant. Considering their urgency, they can be submitted and managed by the sender using different priorities.		T2
<b>Privilege</b>	A right, either granted or denied, to execute certain functions within an application or to access and/or update certain data.		T2S
<b>Problem</b>	An abnormal state or condition at the component, equipment, or sub-system level, which may lead to a failure that produces incorrect or unexpected results, showing a discrepancy between the relevant specifications and the actual results.		T2S*
<b>Public Key Infrastructure</b>	A system that manages encryption keys and identity information for the human and mechanical components of a network to provide secure communications.	PKI	T2S
<b>Pull mode</b>	A communication model using the request/response (and query/response) message exchange pattern. A service consumer requests specific information from a service provider and then waits to receive the response.		T2S

Term	Definition	Acronym	Source <sup>1</sup>
<b>Push mode</b>	A communication model in which the service provider actively passes event-driven or time-triggered messages to a service consumer based on a subscription by the consumer to the information.		T2S
<b>PvP</b>	See Payment versus Payment.		T2
<b>Query</b>	A function to retrieve information from a database using selection criteria to fulfil ad hoc information demands.		T2S
<b>Queueing</b>	An arrangement whereby transfer orders are held pending by the originator/deliverer or by the system until sufficient cover is available in the originator's/deliverer's clearing account or under the limits set against the payer; in some cases, cover may include unused credit lines or available collateral.		T2
<b>Real-time Gross Settlement</b>	The continuous (real-time) settlement of funds or securities transfers individually on an order-by-order basis with intraday finality (without netting).	RTGS	T2
<b>Real-time Gross Settlement system</b>	A settlement system in which processing and settlement take place on a transaction-by-transaction basis in real-time.		T2S
<b>Real-time processing</b>	The processing of instructions at the time they are received rather than at some later time.		T2
<b>Receiver</b>	A participant who obtains the respective message from the service (e.g. CLM, RTGS).		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>Recovery Point Objective</b>	The maximum amount of time that can pass before changes to data are saved. Data changes preceding a failure or disaster by at least this time are preserved by recovery. Zero is a valid value and is equivalent to a "zero data loss" requirement.	RPO	T2S
<b>Recovery Time Objective</b>	The maximum amount of time required to restore one or more applications and associated data back to a correct operational state.	RTO	T2S
<b>Remote access to TARGET</b>	The possibility for an institution established in one country in the European economic area (EEA) to become a direct participant in the RTGS system of another country and, for this purpose, to have a settlement account in euro in its own name with the Central Bank of the second country without necessarily having established a branch or subsidiary in that country.		T2
<b>Remote participant</b>	A participant in a system which has neither its head office nor any of its branches located in the country where the system is based.		T2
<b>Remote site</b>	A location other than the primary site, which systems can use to resume their business operations and other functions in the event of a disaster and which has a different risk profile than the primary site.		New
<b>Repo</b>	See Repurchase operation.		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>Report</b>	An event-driven or time-triggered publishing of information in a defined standard format to specific recipients.		T2S
<b>Repurchase agreement</b>	An agreement to sell an asset and to repurchase it at a specified price on a predetermined future date or on demand. Such an agreement is similar to collateralised borrowing, although it differs in that the seller does not retain ownership of the assets.		T2
<b>Repurchase operation</b>	A liquidity-providing reverse transaction based on a repurchase agreement.	Repo	T2
<b>Reservation of cash balance</b>	With the usage of the reservation facility liquidity can be reserved by RTGS account/Main Cash Account holders for the execution of special transactions with a certain priority class.		T2
<b>Reserve holdings</b>	Liquidity maintained on the Main and Dedicated Cash Accounts at the End of Day.		T2
<b>Reserve requirement</b>	The obligation of euro area credit institutions to hold minimum reserves on reserve accounts with their home NCBs. The reserve requirement is determined in relation to certain elements of the credit institutions' balance sheet. Institutions' holding of required reserves are remunerated at the rate of the Eurosystem's main refinancing operations.		T2
<b>Residual risk</b>	The risk remaining after risk treatment.		T2S

Term	Definition	Acronym	Source <sup>1</sup>
<b>Retail payments</b>	A non-time-critical payment of relatively low value. Typically, these payments are made outside of the financial markets and are both initiated by and made to individuals and non-financial institutions.		ECB
<b>Retention period</b>	The parameter that specifies the number of calendar days data is kept before its deletion.		New
<b>RPO</b>	See Recovery Point Objective.		T2S
<b>RTGS</b>	See Real-time Gross Settlement.		T2S
<b>RTGS directory</b>	List of participants reachable via the RTGS service including additional information on routing, account holder and participation type.		New
<b>RTGS service</b>	Comprises the High Value Payments and Ancillary Systems.		New
<b>RTO</b>	See Recovery Time Objective.		T2S
<b>S&amp;F</b>	See Store-and-forward.		T2S
<b>Scalability</b>	The ability of an IT service, process, configuration item, etc. to perform its agreed function when the workload or scope changes.		T2S
<b>Secondary site</b>	A location other than the primary site, which systems can use to resume their business operations and other functions in the event of a disaster and which has a different risk profile than the primary site.		PCSS



Term	Definition	Acronym	Source <sup>1</sup>
<b>Securities Settlement System</b>	A transfer system for settling securities transactions. It comprises all of the institutional arrangements required for the clearing and settlement of securities trades and the provision of custody services for securities.	SSS	PCSS
<b>Security control</b>	A measure to safeguard the integrity, confidentiality and availability of an organisation's information assets, and to ensure compliance with its information security policy.		T2S
<b>Security risk</b>	The potential that a given threat will exploit the vulnerabilities of an asset or group of assets to cause loss of or damage to the assets.		T2S
<b>Sender</b>	A participant who initiates the process by sending the respective message to the service (e.g. CLM, RTGS).		New
<b>Service</b>	A single Market Infrastructure Service; ESMIG, CLM, RTGS Settlement, T2S, TIPS, CRDM, Information and Reporting, Data Warehouse, Legal Archiving, Contingency Services and Billing are each referred to as a Service.		New
<b>Service level</b>	The measured and reported achievement against one or more service level targets.		T2S
<b>Service Level Agreement</b>	The agreement defining the service levels, measured against agreed key performance indicators where relevant.		T2S
<b>Service operator</b>	The Market Infrastructure service operator on behalf of the Eurosystem.		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>Settlement bank</b>	Direct participant who pertains to one or more AS. The participant may manage the AS settlement process (e.g. the determination of settlement positions, monitoring of the exchange of payments, etc.) not only for own purposes but also for other AS participants on its RTGS account.		New
<b>SF</b>	See Standing Facilities.		T2
<b>Snapshot facility</b>	A software tool to capture and store the reference static data or to purge static and/or transactional data of a system entity or group of system entities from a test environment in order to reload it later in the same or another test environment.		T2S
<b>SOD</b>	Start of Day.		T2S
<b>SSS</b>	See Securities Settlement System.		T2S
<b>Standing Facilities</b>	Central bank facilities available to counterparties on their own initiative. The Eurosystem offers two overnight Standing Facilities: the marginal lending facility and the deposit facility.	SF	T2*
<b>Standing bilateral/multilateral limit order</b>	Instruction of a direct participant/account to define a bilateral/multilateral limit of a fixed amount within the RTGS on a regular basis (time or event triggered).		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>Standing (Liquidity Transfer) order</b>	Instruction of a direct participant to transfer regularly a fixed amount upon a certain event between different accounts (MCA, DCAs in e.g. RTGS, TIPS, T2S) of the same participant over a period with or without a predefined end date.		New
<b>Standing order for Reservation</b>	Instruction of a direct participant to set up an urgent/highly urgent reservation of a fixed amount on a regular basis upon a certain event on an MCA or an RTGS DCA over a period with or without a predefined end date.		New
<b>Store-and-forward</b>	A common technique in telecommunications in which a data transmission from a source node is stored at a redistribution node before being sent to the destination node.	S&F	T2S
<b>Sub account</b>	Specific account, belonging to an RTGS (AS) account, holding dedicated liquidity to allow the settlement of an Ancillary System using the interfaced settlement procedure.		T2
<b>System entity</b>	Either the operator (RTGS, TIPS or T2S) or a CSD (T2S) or CB for which a segregation of processing, capabilities and data are required.		T2S
<b>T2</b>	See TARGET2.		T2
<b>T2S</b>	See TARGET2-Securities.		T2S
<b>TARGET</b>	Trans-European Automated Real-time Gross settlement Express Transfer: the Eurosystem's real-time gross settlement system for the euro. The first-generation TARGET system was replaced by TARGET2.		T2

Term	Definition	Acronym	Source <sup>1</sup>
<b>TARGET opening day</b>	A day on which settlement takes place according to the daily processing schedule and according to the published calendar of opening days.		T2
<b>TARGET Service Desk</b>	Staff of the Market Infrastructure service provider, performing an administration role for the Market Infrastructure Services.		New
<b>TARGET2</b>	The Trans-European Automated Real-time Gross settlement Express Transfer system, which functions in accordance with Guideline ECB/2007/2 of 26 April 2007 (OJ L 237, 8.9.2007, p. 1).		T2S
<b>TARGET2-Securities</b>	The set of hardware, software and other technical infrastructure components through which the Eurosystem provides the services for CSDs and Central Banks that allow core, neutral and borderless settlement of securities transactions on a DvP basis in Central Bank Money.		T2S
<b>Technical account</b>	Account used in the context of Ancillary Systems operations as an intermediary account for the collection of debits/credits resulting from the settlement of balances.		T2
<b>TIPS</b>	Target Instant Payment Settlement: real-time settlement system for retail payments settled in Central Bank Money.		New
<b>TIPS Directory</b>	List of participants reachable via the TIPS service.		New

Term	Definition	Acronym	Source <sup>1</sup>
<b>TMS</b>	See Trouble Management System.		T2S
<b>Transaction Reference Number</b>	A unique reference number used to identify each payment instruction.	TRN	PCSS
<b>TRN</b>	See Transaction Reference Number.		T2
<b>Trouble Management System</b>	System used for raising and tracking tickets for incidents that have been reported and also for the problem tickets where there is a problem to be resolved.	TMS	T2S
<b>Two-eyes principle</b>	A user interaction in U2A can be finalised by a single individual.		New
<b>U2A</b>	See User-to-Application.		T2S
<b>URD</b>	See User Requirements Document.		T2S
<b>User</b>	A user can be an individual person or technical user interacting with the Market Infrastructure Services.		New
<b>User Interaction</b>	Activity by a user undertaken whilst interacting with the Market Infrastructure Services, either through a Graphical User Interface (GUI) or via a local software application.		New
<b>User requirement</b>	A condition or capability needed by a stakeholder to solve a problem or achieve an objective.		T2S
<b>User Requirements Document</b>	The document setting out the user requirements.	URD	T2S

Term	Definition	Acronym	Source <sup>1</sup>
<b>User-to-Application</b>	A connectivity mode for the exchange of information through a Graphical User Interface (GUI).	U2A	T2S
<b>UTC</b>	See Coordinated Universal Time.		T2
<b>V-shape</b>	Type of transmission of messages meaning the addressed platform takes care of the further routing of messages.		T2
<b>Vulnerability</b>	A weakness of an asset or group of assets that can be exploited by a threat.		T2S
<b>Warehoused payment</b>	Payments submitted in advance. In this case, the payment message will be warehoused until the Service in which they shall settle opens for the settlement of payments on the intended settlement date.		T2*
<b>Whitelist</b>	<p>A list of either:</p> <ul style="list-style-type: none"> <li>• accounts from which Liquidity Transfers are accepted; or</li> <li>• accounts to which Liquidity Transfers are authorised</li> </ul> <p>By default, the whitelist includes all accounts in all Services, i.e. all Liquidity Transfers are accepted from all accounts within the same Liquidity Transfer Group.</p> <p>Central Bank Accounts will not be included in any Whitelists as Liquidity Transfers involving such accounts cannot be restricted.</p>		New
<b>XML</b>	See Extensible Mark-up Language.		T2S